

OFFICIAL TITLE AND SUMMARY ★ ★ ★

Prepared by the Attorney General

**KINDERGARTEN–UNIVERSITY
PUBLIC EDUCATION FACILITIES BOND ACT OF 2006.**

- This ten billion four hundred sixteen million dollar (\$10,416,000,000) bond issue will provide needed funding to relieve public school overcrowding and to repair older schools.
- It will improve earthquake safety and fund vocational educational facilities in public schools. Bond funds must be spent according to strict accountability measures.
- Funds will also be used to repair and upgrade existing public college and university buildings and to build new classrooms to accommodate the growing student enrollment in the California Community Colleges, the University of California, and the California State University.
- Appropriates money from the General Fund to pay off bonds.

Summary of Legislative Analyst’s Estimate of Net State and Local Government Fiscal Impact:

- State costs of about \$20.3 billion to pay off both the principal (\$10.4 billion) and interest (\$9.9 billion) on the bonds. Payments of about \$680 million per year.

FINAL VOTES CAST BY THE LEGISLATURE ON AB 127 (PROPOSITION 1D)

Senate: Ayes 29 Noes 8

Assembly: Ayes 58 Noes 12

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Public education in California consists of two systems. One system includes about 1,000 local school districts that provide education from kindergarten through grade 12 (“K–12”) to about 6.3 million students. The other system (commonly referred to as “higher education”) includes the California Community Colleges (CCC), the California State University (CSU), and the University of California (UC). These three higher education segments provide education beyond grade 12 to a total of about 2.1 million students.

K–12 School Facilities

Through the School Facility Program (SFP), K–12 school districts apply for funding to buy land, construct new buildings, and modernize (that

is, renovate) existing buildings. A school district’s allocation is based on a formula. The formula considers the number of students a district expects to enroll that cannot be served in existing facility space. The SFP requires the state and school districts to share the cost of facilities. For new construction projects, the cost is shared equally by the state and school districts. For modernization projects, the state pays 60 percent and school districts pay 40 percent of the cost. If a school district faces unusual circumstances, however, it may apply for “hardship” funding from the state to offset its local share of costs.

Major Funding Sources. As described below, funding for school facilities comes mostly from state and local general obligation bonds. (See “An Overview of State Bond Debt” on page 96 for more information on these bonds.)